Policies and Procedures for Proper Use of Non-DoD Contracts

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Proper Use of Non-DoD Contracts

DoD spends billions of dollars through non-DoD contract vehicles. This includes:

- Orders issued under these vehicles by DoD personnel (Direct)
- Orders issued by non-DoD federal entities on DoD's behalf, using DoD funds (Assisted)

Examples:

- GSA Schedules
- Government-wide Acquisition Contracts
- "GovWorks", "FedSource", and Other "Franchise Funds"

Recent Inspector General reviews have found that non-DoD contract vehicles are not always properly used

New Policies

- OSD Policy Memo on Proper Use of Non-DoD Contracts (Issued October 2004, Effective 1 January 2005)
  - Applicable to acquisition of both services and supplies
  - Applies above the simplified acquisition threshold ($100,000)
  - Provide DoD unique terms and conditions to assisting agencies
  - Agencies and departments must establish a pre-award review process/procedures to ensure that using non-DoD vehicles are in the best interest of the Department of Defense
  - Develop post-award review processes/procedures to analyze data on non-DoD contract vehicle usage

Navy Policy and DFAR Case

- Issued December 20, 2004
  - Emphasizes
    - Compliance with Policy
    - Collaboration
    - Early Involvement
  - Supports Data Capture to comply with reporting requirements of Section 854 of the 2005 NDAA

- DFARs Interim Rule 2002-D024 (Issued 1 October 2003)

  Applicable to acquisition of services

  Review process and procedures established by each agency or department

  Has been revised to include reporting requirements form Section 854 of the 2005 NDAA and will be resubmitted to OIRA this week.

Pre/Post Award Review Procedures

- Pre-Award Review Processes/Procedures
  - Procedures should include consultation with DoD Contracting Officers and Financial managers, and take into consideration the following:
    - Does this meet the customer's needs – quality, delivery, price
    - Whether the requirements are within scope of the intended vehicle
    - Cost effectiveness (including fees and discounts)
    - Schedule
    - Contract administration

- Post-Award Review Processes/Procedures
  - Coordinate with assisting agencies to analyze data on the number and value of transactions using non-DoD vehicles, as well as measuring the proper use and effectiveness of these vehicles

What “Get It Right” Means to You

“Get It Right” is really a GSA “plan” but it accurately represents our responsibility as

What "Get It Right" Means To… Acquisition Workforce

- The use of non-DoD contracts is encouraged when it is the best method to procurement to meet DoD requirements.

- Advance acquisition planning. Non-DoD vehicles are not a substitute for poor acquisition planning.

- Nor are they to be used to circumvent conditions and limitations imposed on the use of funds.

What "Get It Right" Means To...

DoD Contracting Officers

- Before using non-DoD vehicles, determine whether this option is in the best interest of the Department of Defense.

In order to do so, take into account the following:

- Does this meet the customer's needs—quality, delivery, price
- Whether the requirements are within scope of the intended vehicle/schedule
- Cost effectiveness (including fees and discounts)
- Schedule
- Contract Administration
- Consideration of small businesses (review for bundling)

- Review contract terms and conditions of assisting agencies' vehicles prior to placing orders (Direct)
- Or, provide to the assisting agency any unique requirements/terms and conditions associated with the

What "Get It Right" Means To…. Program Managers

- Ensure bona fide need and define requirements accurately and completely
- Orders/Contracts for services >$100,000 must be "performance based"
- In collaboration with Contracting Officer, perform market research, i.e. identify multiple potential sources
- Comply with procedures established by Military Department or Defense Agency
- Before sending funds or requirements to a non-DoD agency for acquisition purposes, take into consideration the following:
  - Whether the requirements are within scope of the intended vehicle
    (e.g. use designated schedules for IT, not for the buildings that house IT)
  - Schedule
  - Cost effectiveness (including fees and discounts)
  - Ensure that the supplies or services acquired are

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What "Get It Right" Means To… Finance Managers

- Ensure compliance with DPAP policy memo of March 24, 2005 "Proper Use of Interagency Agreements for Non-Department of Defense Contracts Under Authorities Other Than the Economy Act."

- Review funding requests/funding citations to ensure that the supplies or services to be acquired are consistent with the appropriated funding to be utilized.

- Ensure that the transaction complies with internal review procedures established by Military Departments and Defense

What "Get It Right" Means To…

Assisting Agencies

- for and incorporate any unique terms and conditions applicable to the o
  ied by DoD
- pare order or contract requirements to intended vehicle to ensure that
  laced appropriately and be within scope (e.g. Using designated schedul
  IT, not the buildings that house IT products and services)
- isition of services—ensure compliance with Section 803 (receive at lea
  osals)
- requirements package is incomplete, contact the Contracts and
  irements POC immediately!
- erly code data in FPDS-NG (capturing data on which agency the purch
  for) and provide reports/data to requiring organizations for analysis
- e terms and conditions easily available to DoD ordering or requirement
  contracts on-line)
- realistic customer expectations

What "Get It Right" Means To...
Contractors

With revenue comes responsibility.

If task or item ordered is outside the scope of the contract, the Contractor has responsibility to notify the Government

Educate workforce (including business development, marketing, and sales force)

UPDATES

- Policy Memo on “Use of Federal Supply Schedules and Market Research” (January 2005)
- Interagency Acquisition added to GAO “High-Risk” List (February 2005)
- “Roadshow” training of top Non-DoD contract users-commences May/June 2005
- Community of Practice (COP) established (see DPAP website)
- Site Visits to Assisting Agencies commenced March 2005

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